

Message Text

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DRAFTED BY: EA/VN:JDFINNEY

APPROVED BY: EA/VN:RHWENZEL

EA:MSTEARNS

S/S-O:PPSARROS

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FM SECSTATE WASHDC

TO CINCPAC

C O N F I D E N T I A L STATE 060900

EXDIS

FOR POLAD

FOLLOWING TEL SENT ACTION SECSTATEWASHDC INFO WHITE HOUSE
FROM SAIGON MARCH 05:

QUOTE C O N F I D E N T I A L SAIGON 2867

EXDIS

EO 11652: GDS

TAGS: EAID VS

SUBJECT: VIETNAMESE ECONOMIC SITUATION AND AID REQUIREMENTS

1. I COMMEND SAIGON'S 2800 TO THE PARTICULAR ATTENTION OF THE SECRETARY AND THE ADMINISTRATOR OF AID. IT IS A SOBER, UNDRAMATIC, TOTALLY FACTUAL PRESENTATION OF THE CURRENT VIETNAMESE ECONOMIC SITUATION. IT HIGHLIGHTS THE FACT THE DECISION TO GO TO THE CONGRESS FOR A FY 75 AID LEVEL FOR VIET-NAM OF \$850 MILLION IS ESSENTIAL. THAT DECISION CAN ASSURE FINAL SUCCESS OF THE AMERICAN GOAL IN VIET-NAM - AMERICAN DEPARTURE LEAVING THE GVN AS A FREE AND INDEPENDENT COUNTRY, ECONOMICALLY VIABLE, FREE TO FOLLOW ITS OWN DESTINY UNDER LEADERSHIP ITS PEOPLE MAY FREELY CHOOSE, CAPABLE OF DEFENDING ITSELF AGAINST BOTH INTERNAL SUBVERSION AND EXTERNAL AGGRESSION.

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2. AND THE EFFECT ON OUR POWER RELATIONSHIPS ELSEWHERE IN THE WORLD OF BEING ABLE TO WALK AWAY FROM SUCH A VIET-NAM WITH THE EVIDENCE OF AMERICAN COMMITMENTS FULLY DISCHARGED MAY WELL DETERMINE WHETHER OUR GRANDCHILDREN MAY LIVE IN A PEACE-

FUL WORLD OR ONE WHERE SENSELESS VIOLENCE WILL BE THE DAILY NORM. ONLY THOSE WHO ARE INCAPABLE OF UNDERSTANDING THE INTRICATE INTERPLAY OF THE BALANCE OF FORCES NOW LOOSE IN THE WORLD, OR THOSE WHO REFUSE TO THINK ABOUT THEM, WILL CONTEND THAT THE PRECEDING SENTENCE IS OTHER THAN A DISPASSIONATE STATEMENT OF A SIMPLE FACT.

3. ALEKSANDR SOLZHENITSYN'S COMMENTS ON PEACE AND VIOLENCE IN A LETTER PUBLISHED LAST FALL IN OSLO HAVE A PARTICULAR RELEVANCE:

" THE ERROR COMMITTED BY MAN IN HIS UNDERSTANDING OF THE MEANING OF 'PEACE' IS NOTHING BUT EMOTIONAL. I MEANT WHAT I SAID. THIS IS NOTHING UNUSUAL. WE OFTEN ERR NOT BECAUSE WE FIND IT HARD TO PERCEIVE THE TRUTH (IT IS OFTEN RIGHT THERE, AT THE SURFACE), BUT BECAUSE IT IS EASIER AND MORE PLEASANT TO BE GUIDED BY OUR FEELINGS, ESPECIALLY IF SELF-CENTERED.

THE TRUTH HAS LONG BEEN DEMONSTRATED AND PROVED AND EXPLAINED, AND YET IT HAS REMAINED WITHOUT ATTENTION OR SYMPATHY, LIKE ORWELL'S '1984,' BECAUSE OF A 'UNIVERSAL CONSPIRACY OF ADULATION' (IN THE AUTHOR'S OWN WORDS).

THE BESTIAL MASS KILLINGS IN HUE, THOUGH RELIABLY PROVED, WERE ONLY LIGHTLY NOTICED AND ALMOST IMMEDIATELY FORGIVEN BECAUSE THE SYMPATHY OF SOCIETY WAS ON THE OTHER SIDE, AND THE INERTIA COULD NOT BE DISTURBED.

IT WAS JUST TOO BAD THAT THE INFORMATION DID SEEP INTO THE FREE PRESS AND FOR A TIME (VERY BRIEFLY) CAUSE EMBARRASSMENT (JUST A TINY BIT) TO THE PASSIONATE DEFENDERS OF THAT OTHER SOCIAL SYSTEM."

4. PERHAPS THE EFFICACY AND PERVASIVENESS OF THE PROPAGANDA WITH WHICH WE HAVE BEEN FLOODED BY THOSE AMERICAN PUPPETS OF HANOI, BY THE "PASSIONATE DEFENDERS OF THAT OTHER SOCIAL SYSTEM" HAS SO CONDITIONED THE WASHINGTON BUREAUCRACY THAT
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WE DO NOT PERCEIVE THE TRUTH BECAUSE "IT IS EASIER AND MORE PLEASANT TO BE GUIDED BY OUR FEELINGS, ESPECIALLY IF SELF-CENTERED." IF SO, THERE IS REAL REASON TO FEAR, NOT SO MUCH FOR VIET-NAM AS FOR OURSELVES.

5. THIS FLOOD OF PROPAGANDA HAS ALMOST TOTALLY OBSCURED THE FACT THAT ENORMOUS CHANGES HAVE TAKEN PLACE HERE IN THE PAST YEAR:

A. IT IS NOW MY OBJECTIVE CONCLUSION THAT THE RVNAF HAVE MATURED INTO AN EFFECTIVE MILITARY MACHINE, INCREASINGLY CAPABLE OF HANDLING, SUCCESSFULLY, THE ENTIRE RANGE OF THE CAPABILITIES NOW

POSSESSED BY NVA/VC FORCES ARRAYED AGAINST IT.
THE POLES, HUNGARIANS AND HANOI FULLY RECOGNIZE
THIS, EVEN IF WASHINGTON DOES NOT. GENERAL ABRAMS
DID HIS JOB WELL, AND GENERAL MURRAY HAS HELPED THE
RVNAF BEGIN THE SUCCESSFUL ADAPTATION TO LOGISTICALLY
ABSORB THE ENHANCE AND ENHANCE PLUS EQUIPMENT
DUMPED ON IT A YEAR AGO.

B. THE SMOOTH PASSAGE OF THE CONSITUTIONAL
AMENDMENTS WAS ONLY ONE ADDITION TO THE MASS OF
EVIDENCE THAT THE SUPPORT OF PRESENT GOVERNMENT
THOUGHOUT THE COUNTRY IS REAL, IS PERVASIVE, IS
SOLIDLY BASED ON CONVICTION OF THE GREAT MAJORITY OF
THE PEOPLE THATTHERE SHOULD BE NO IMMEDIATE CHANGE
IN THE PRESENT STRUCTURE OR LEADERSHIP OF THE
GOVERNMENT.

C. RECOGNIZING THIS FACT, THE LEADERSHIP HAS
FELT CONFIDENT ENOUGH TO TAKE SEVERAL STEPS, OF WHICH
THE RECENT CABINET RESHUFFLE IS THE LATEST, TO MODERNIZE,
STREAMLINE, AND DECENTRALIZE THE DECISION MAKING
TO THE LOWEST PRACTICAL LEVELS. WITH ALL ITS WARTS,
AS IT EMERGES FROM TWO
DECADES OF WAR AND DISRUPTION,
IT IS AS EFFICIENT, IF NOT MORE SO, THAN ANY OTHER
GOVERNMENT IN SOUTHEAST ASIA WITH THE OBVIOUS EXCEPTION
OF SINGAPORE.

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D. BASED ON THIS COUNTRY-WIDE STRENGTH AND ITS
REORGANIZED AND IMPROVED STRUCTURE, THE GVN HAS HAD
THE COURAGE TO FACE THE ECONOMIC CRISIS OF THE PAST
YEAR WITHOUT RESORTING TO AUTARCHIAL MEASURES OF PANIC.
RATHER IT HAS HAD THE GOOD SENSE TO DEPEND ON THE PLAY OF
FREE MARKET FORCES AND THE PRICE MECHANISM OF A
FREE ECONOMY TO TIGHTEN ITS BELT CONFIDENT THAT THE
COUNTRY WILL UNDERSTAND AND SUPPORT THESE MEASURES.
SAIGON'S 2822, QUOTING A STORY FROM SUNDAY'S SAIGON
POST, IS INDICATIVE OF THE GENERAL GVN ATTITUDE --
CLEARLY RECONGIZING THE MAGNITUDE OF THE CURRENT
ECONOMIC PROBLEM, RECOUNTING SOME OF THE MEASURES
TAKEN TO MEET IT, EXPRESSING CALM DETERMINATION TO DO
WHAT IS NECESSARY TO SURVIVE, AND OUTLINING THE GVN'S
DECISIONS, AND THE BASIS FOR THOSE DECISIONS, WITH FULL
PUBLICITY, THE ACTION OF A RESPONSIBLE, OPEN,
RESPONSIVE REGIME.

6. I AM AWARE OF A LOT OF SHEER, NONSENSICAL COMMENTS NOW
BEING BANDIED ABOUT WASHINGTON TO THE EFFECT THAT THE GVN JUST
MUST ACCEP THE FACT THAT IT MUST TIGHTEN ITS BELT. SUCH COM-

MENT SIMPLY IGNORES COMPLETELY THE COURAGEOUS MEASURES TAKEN HERE ALREADY. CONSIDER WHAT WAS REQUIRED TO RAISE THE PRICE OF GASOLINE FROM \$.40 TO OVER \$1.51 A GALLON IN ONE YEAR, OR TO RAISE TOTAL TAX COLLECTIONS BY 40 PERCENT IN A YEAR OF RECESSION AND UNEMPLOYMENT. THE EXAMPLES ARE ENDLESS. THE HARD, COLDLY DISPASSIONATE FACTS ARE THAT THE GVN HAS ALREADY COURAGEOUSLY TAKEN ABOUT ALL THE MEASURES THAT SENSIBLY CAN BE TAKEN IN THIS DIRECTION.

7. PERHAPS IT TAKES NON-AMERICANS TO PROVIDE THE DISPASSIONATE ANALYSIS NEEDED TO CUT THROUGH THE FOG. FOLLOWING IS AN EXCERPT FROM A MEMCON RECORDING A CONVERSATION BETWEEN GUNNAR THOMMASEN, RESPECTED IMF REPRESENTATIVE IN SAIGON, WITH AN AMERICAN EMBASSY OFFICIAL IN BANGKOK:

"THOMMASEN IS PARTICULARLY BITTER AGAINST THE U.S. CONGRESS AS WELL AS AGAINST OTHER FOREIGN DONORS TO VIET-NAM. HE CONTENDS THAT THE WORLD IS INDIFFERENT TO THE FATE OF SOUTHEAST ASIA, AND UNWILLING TO GIVE SOUTH VIET-NAM A CHANCE TO STRAIGHTEN ITSELF OUT
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ECONOMICALLY AFTER 30 YEARS OF WAR. HE SAYS CONGRESS IS SHORTCHANGING SOUTH VIET-NAM ON THE NAIVE ASSUMPTION THAT, AFTER A YEAR SINCE THE SIGNING OF THE PARIS AGREEMENTS, IT SHOULD BE ABLE TO STAND ON ITS OWN FEET."

8. ANOTHER NON-AMERICAN, PRIME MINISTER LEE KUAN YEW OF SINGAPORE, ONE OF THE MOST PERCEPTIVE AND ONE OF THE MOST INTERESTED OBSERVERS OF THE SOUTHEAST ASIA SCENE RECENTLY SAID IT EVEN MORE SUCCINCTLY TO THE NEW ASSISTANT SECRETARY OF STATE FOR EAST ASIA:

"THE TROUBLE WITH VIET-NAM IS IN WASHINGTON, NOT IN VIET-NAM."

9. AND SO IT IS. IT HAS BEEN ALMOST A YEAR SINCE THE SAN CLEMENTE MEETINGS WITH THE GVN LEADERSHIP. CERTAIN UNDERTAKINGS WERE GIVEN IN WHICH THEY PUT THEIR TRUST AND ON WHICH THEY MADE THEIR ECONOMIC PROJECTIONS. THESE UNDERTAKINGS REQUIRED THAT, IF THEY WERE TO BE FULFILLED, THE ADMINISTRATION WOULD GO TO THE CONGRESS FOR AN AMOUNT IN EXCESS OF THAT INCLUDED IN THE PRESIDENT'S BUDGET. THIS WAS NOT DONE, ALTHOUGH THE NECESSITY TO DO SO WAS NEVER PRESENTED DIRECTLY TO THE PRESIDENT. THIS YEAR WE FACE THE SAME PROBLEM. THE \$850 MILLION FIGURE CAN BE COMPLETELY JUSTIFIED. WE SHOULD NOT GO TO THE CONGRESS FOR ONE PENNY LESS AND I REQUEST THIS QUESTION BE PRESENTED DIRECTLY TO THE PRESIDENT IF THERE IS ANY DISPOSITION TO REDUCE IT.

10. IF WE ARE PREPARED TO FIGHT IN A COHERENT AND ORGANIZED WAY, I AM COMPLETELY CONFIDENT THAT WE CAN GET ALMOST ALL OF IT. IT WILL REQUIRE MORE AGGRESSIVENESS THAN WE HAVE HAD FOR SOME TIME. IT WILL REQUIRE A DETERMINATION TO TAKE ON THE WELL-ORGANIZED PROPAGANDA APPARATUS AND EXPOSE ITS GROSS DISTORTIONS FOR WHAT THEY REALLY ARE: THE MOST BLATANT AND VICIOUS CAMPAIGN TO DECEIVE THE CONGRESS AND THE AMERICAN PEOPLE THAT HAS BEEN MOUNTED SINCE THE EARLY FIFTIES. AS SOLZHENITSYN POINTED OUT IT WILL REQUIRE A GREATER DEGREE OF PERSONAL COURAGE THAN HAS BEEN RECENTLY EVIDENT TO RISK PERSONAL ATTACKS FROM THE HANOI PUPPETS. AND ABOVE ALL IT WILL REQUIRE THE INVESTMENT OF SHOE LEATHER AND PERSONAL CONTACTS THAT SECRETARY SCHLESINGER HAS

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SHOWN CAN BE ENORMOUSLY PRODUCTIVE IF TARGETED ON OUR REAL FRIENDS AND THE IN-BETWEEN MEMBERS WHO ARE WILLING TO HELP IF WE ASK. IT WILL ALSO REQUIRE OVERCOMING THE TENDENCY OF THE BUREAUCRACY TO BE PARALYZED BY THE PASSION TO BE "CREDIBLE" AND "APOLOGETIC" TO THE CRITICS ON THE HILL BEING MANIPULATED BY THE NETWORK OF HANOI PUPPETS.

11. FORTUNATELY, WE HAVE A NEW SECRETARY OF STATE, A NEW ADMINISTRATOR OF AID, A NEW ASSISTANT SECRETARY FOR EAST ASIA, AND A NEW ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS -- ALL MEN OF PRESTIGE, COURAGE, EXTRAORDINARY ABILITY, AND PERSUASIVENESS. GIVEN ESSENTIAL WHITE HOUSE SUPPORT AND EMPHASIS ON THE PRIORITY THIS EFFORT MUST RECEIVE, THEY WILL FIND ENOUGH SUPPORTERS IN THE STATE AND AID BUREAUCRACIES, WHO HAVE ONLY BEEN WAITING FOR THIS KIND OF LEADERSHIP, TO PROVIDE A SUPERB BACKSTOPPING TO THE PRINCIPALS WHO MUST BE ACTIVELY ENGAGED.

12. THE FIRST CRUCIAL DECISION MUST BE TO GO AHEAD IMMEDIATELY WITH THE PRESENTATION TO THE CONGRESS OF THE \$850 M

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